The Time Is Now: How Companies and Leaders Can Join the Fight for Racial Justice
The deaths of George Floyd, Ahmaud Arbery, and Breonna Taylor, have sparked a catalytic call for change. Although instances of systemic racism are not new for many in the Black community, these killings have shined new light on persistent longstanding racial inequities across nearly every dimension of society. They have also sparked outrage and loud calls for change from people of all backgrounds. Along with other social institutions, corporations are being called to be a driving part of the transformation.

In line with a broader push to incorporate environmental, social and governance issues into business decisions, many corporations have felt the pressure to respond to recent events and have done so in varying ways. Russell Reynolds Associates tracked and categorized how more than 100 of the S&P 500 companies responded to the movement for advancing racial equality within the three weeks following George Floyd’s murder. Looking at their websites, social media accounts and news mentions, we found that the majority of these companies took steps to publicly acknowledge the movement and offer their solidarity with the Black community. However, it remains to be determined what long-term organizational changes and action plans will be embedded and sustained over time.

In this paper, we look at how various companies responded and what other companies can learn from them. We then offer a multifaceted set of best practices for corporations wanting to take meaningful and holistic action to support the Black community and increase their commitment to social justice.

Methodology:
Russell Reynolds Associates analyzed the public responses of 105 companies included on the S&P 500 index between May 25 and June 12, 2020. The 105 companies were randomly selected, with industry representation weighted according to that of the index. Sources analyzed included company websites, corporate social media feeds and media mentions as noted by Google News.

Best practices, drawn from company’s public statements, generally highlight select pieces of broader diversity and inclusion strategies. Please see footnote sources for fuller descriptions of each company’s efforts.

Setting the bar
Within the three weeks following George Floyd’s murder, approximately 75 percent of large US public companies made some effort to respond to calls for racial justice from thousands of Americans of all backgrounds, including many of their own employees. The most common platform for these responses was a letter or statement from the CEO or chief diversity officer, sent to employees and posted on websites and social media.

In terms of content, these responses ranged from condemning racism to promoting greater acceptance of differences, but mostly clustered around acknowledging the recent victims of racial injustice and expressing solidarity with the Black community. A common expression of support was “We stand in solidarity against racism, social injustice and inequality.” Others took a slightly less racially focused approach, instead standing “… in support of positive and lasting change.”

Within the three weeks following George Floyd’s murder

- 75 percent of large US public companies made some effort to respond to calls for racial justice
- Yet just 10 percent mentioned efforts to set new goals around Black representation in their leadership or create internal accountability
Half of the corporate responses went beyond acknowledging current events to outlining an understanding of racism as a systemic issue in society. About one-third of the companies also noted the donations they were making to anti-racism groups. Those donations tallied more than $1.6 billion as of mid-June, according to a separate analysis by Axios.

A fair number of leaders – just over 30 percent – also noted that their organizations were reflecting on what was happening within their organizations and what they might need to change. Within this group, many admitted that their organizations shared fault for the persistent problems and committed to audit their diversity and inclusion practices.

% of companies that responded to Black Lives Matter and related racial justice movements, By level of response

<table>
<thead>
<tr>
<th>Level of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made a statement denouncing racism and acknowledging recent victims of racial violence</td>
<td>75%</td>
</tr>
<tr>
<td>Made a statement and/or $ commitment</td>
<td>50%</td>
</tr>
<tr>
<td>Acknowledged work to be done internally</td>
<td>30%</td>
</tr>
<tr>
<td>Began making plans for improvements</td>
<td>10%</td>
</tr>
<tr>
<td>Have taken tangible action</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: Russell Reynolds Associates, N=105 S&P 500 companies, as of 6/11/2020

Finally, a very small group of companies – 10 percent or fewer – mentioned any effort to set new goals around Black representation in their leadership, embody anti-racism as a company, or create internal accountability within those first three weeks. Some outstanding examples of this kind of action include a company leader giving up his board seat to speed the appointment of a Black director, and a top company executive publicly calling out a customer who promoted racist views.
From an industry perspective, we found that companies in the consumer sector were 14 percent more likely to respond than others and their responses also tended to be more action-oriented than those in other sectors. This is logical, as consumer companies have the most to lose by failing to publicly respond. However, companies in B2B sectors have an ongoing opportunity to step into this space - not only for business performance, but also to show solidarity with their diverse employee bases.

These actions are good first steps, and far better than staying silent. However, to drive long-term change, generic statements are not enough. Employees and customers—and potentially investors, as well -- will be watching to see what tangible actions companies take in the wake of these statements to contribute to systemic change. Therefore, it is critical the companies set bold goals that can be measured, and actively track and report out performance against goals. The companies that have at least indicated an intention to make long term change foreshadow the more integrated and enduring set of actions that we recommend corporate executives consider in their efforts to make progress on racial equity issues.

Moving forward to meaningful action

To build on this momentum – or to get it started, in some cases – leaders must start with self-reflection and listening, to better understand the specific pain points facing their organizations. In doing so, it is essential to note this is not just about the problems that face Black people. Instead, leaders must frame the issue as one that pertains to all people in the organization and requires them to work together to create lasting change. This is not just a nice-to-have, it is a business imperative. Organizations with ethnically diverse executive teams are 36 percent more likely to outperform financially than those with non-diverse teams according to McKinsey's latest research on the topic¹.

As past Russell Reynolds Associates’ research has shown, executives at organizations that are most advanced in their diversity and inclusion efforts are 30 percent more likely than others to feel set up for top performance, teamwork and innovation².

We recommend a three-pronged holistic strategy focusing on community, company and customers. These elements enable businesses to have a full, 360-degree impact through all areas of the organization. Within each one, there are specific, tangible actions that organizations can take and objectively measure.

Community
Use internal strengths to help those outside the organization

Company
Build corporate policies and structures that eliminate bias and foster equality at all levels

Customer
Ensure products and services reflect a diverse marketplace and do not promote or perpetuate biases

---

Community

This dimension is about leveraging internal strengths to bolster those outside the organization. It starts locally, with companies educating and empowering their employees to make a difference in their individual communities at work and at home. It can also mean corporate efforts that work toward changing the systems -- education, economic, healthcare, and criminal justice, among others -- that feed imbalances in hiring and promotion. For some companies, this is about finding a unique way to contribute; for others, it is about finding the right partners, and for still others, it is both.

In Practice

Netflix will direct 2 percent of its cash holdings, or up to $100 million, into financial institutions and organizations that directly support the Black community to bolster mortgage lending, college savings and small business loans.

Global consulting firm McKinsey & Company announced the firm would create a virtual leadership academy that would be available at no cost to clients who are supporting rising Black executives.

Walmart and the Walmart Foundation committed $100 million to create a new center on racial equity. Along with other new measures, the company committed to revisiting its hiring practices for those with non-violent criminal records.

Questions to Ask

What unique opportunities does our business have to connect with the Black community?

How can we broaden our circles and networks to be more diverse?

Do we offer internships or other company opportunities specifically to Black students?

Do we offer employees days of service to give back to the community?

Have we invested in, or connected with external organizations dedicated to addressing issues of systemic racism that affect our employees and customers?

5. Repko, Melissa. ‘What we see is a moment here’: Walmart CEO Doug McMillon said nation’s corporate leaders must advance racial equality,” CNBC.com, June 5, 2020. https://www.cnbc.com/2020/06/05/walmart-ceo-doug-mcmillon-said-ceos-must-advance-racial-equality.html
Pledging support to the Black community is a laudable start – yet by itself it will not make a meaningful difference. Since all change starts local, this dimension is about changing from the inside out; tackling policies and structures that might perpetuate discrimination as well as conscious and unconscious biases.

This requires taking a hard look at Black representation at all levels within the organization, with a particular focus on the leadership team. The next logical step for most companies will be to look at how to improve Black representation, and quickly. It will involve listening to Black employees to understand what barriers they see and what would help to diminish them. It will also require setting bold, quantitative targets for improvement and creating accountability to meet them.

It also means looking closely at the culture of the company, and how inclusive it is of diverse voices and experiences. Leading companies are embedding opportunities for education and understanding within its employee communities through targeted conversations, book clubs and the like. They are also offering training on how to recognize and mitigate unconscious bias, as well as how to lead inclusively.

**In Practice**

**Kraft Heinz** introduced a number of actions on multiple fronts aimed at combating racism, driven by conversations with its African American Business Resource Group.

**Pepsi** announced it would increase the number of Black managers by 30 percent by 2025, devoting $400 million to that effort along with a host of other initiatives such as doubling its spend with Black suppliers.

**Zoetis** launched a Diversity and Inclusion Council that includes 20 colleagues from diverse backgrounds to “help influence, define and implement D&I priorities” for the company.

**Morgan Stanley** accelerated by six months the appointment of two Black executives, one to its operating committee and one to its management committee.

---

Questions to Ask

1. Do we have meaningful levels of diversity in our leadership team and on our board, so that no one feels like a token representative? If not, where are the gaps in our hiring and promotion processes, and how can we fix those?

2. What are our goals in regards to increasing Black representation and what is the timeline for meeting them?

3. How are we keeping ourselves accountable to those goals? Have we considered tying them to compensation decisions?

4. At the personal level, how can our leadership and employees educate ourselves and families on racial issues?

5. Are we creating an inclusive culture where everyone can bring their full selves to work? What needs to change to help every employee feel at home in the organization?

6. What training is available to coach inclusive leadership and to identify unconscious bias?

7. How do we hold leaders accountable for inclusive behavior, particularly in the middle management level?

8. Have we formed mentor/sponsorships to support rising Black executives?

9. How do we celebrate differences within the company (different holidays, cultures, cuisines etc.)?
Customer

This dimension is about how a company connects to and communicates to its customers, particularly Black ones. Leaders are quickly learning that those who fail to understand their customers risk immediate reprisals and boycotts. At the same time, those who reach out proactively to support and embrace the Black community – and who stick to their promises – stand to see great benefit. These actions can open up new customer segments, and also win the loyalty of existing customer segments looking to support companies that are taking a clear stance on racial inequality.

In Practice

Beauty retailer Sephora will commit at least 15% of shelf space in its stores to Black-owned brands. Amazon announced it would stop allowing police to use its facial recognition technology for at least one year. Airbnb announced it would team up with leading civil rights and privacy organizations to launch Project Lighthouse, an effort to uncover, measure, and stop discrimination that occurs when booking or hosting on its platform.

Questions to Ask

- For consumer-facing companies, are we developing a full understanding of the customer groups we serve, and specifically, our Black and brown customers?
- Are we organized to create products and services such that we don’t perpetuate systemic racism? (For example, does our technology make or rely on biased AI tools? Are financial service firms selecting Black-owned asset managers?)
- Have we diversified our supplier base to include meaningful representation of Black-owned businesses?

Looking Ahead

There is no one-size-fits-all solution to solving racial injustice. Yet it is equally important for organizations to avoid becoming stuck in the “paralysis by analysis” cycle in which the perfect becomes the enemy of the good. Change can be hard, particularly in the beginning.

Based on RRA’s deep experience in the market, we recommend starting by setting bold, quantifiable goals. Publicize them to ensure that management teams and individuals are held accountable for achieving them, measure progress regularly, and periodically report key data back to your constituents. The data and lessons that come from this effort will provide a strong foundation for every other initiative.

Over time, as these new practices and policies replace the old ways of doing things, progress will begin to build on itself. What is critical is to keep the conversation going and to not lose sight of the goals and ambitions that companies and leaders are setting during this time.

AUTHORS

BRADLEE BENN is a member of Russell Reynolds Associates’ Financial Services practice and co-leads its Diversity and Inclusion practice in the Americas. He is based in New York.

JEMI CROOKES is a member of Russell Reynolds Associates’ Center for Leadership Insight. She is based in Washington, DC.

CECYL HOBBS is a member of Russell Reynolds Associates’ Global Technology practice and leads Diversity and Inclusion efforts across Technology. He is based in San Francisco.

ART HOPKINS is a member of Russell Reynolds Associates’ Technology practice. He is based in Atlanta.

EVAN SHARP is a member of Russell Reynolds Associates’ Customer Activation and Growth practice and its Consumer sector. He is based in Chicago.

ALIX STUART is a member of Russell Reynolds Associates’ Center for Leadership Insight. She is based in Boston.
About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 46 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today’s challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

www.russellreynolds.com